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Message Text

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61
ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 /027 R

DRAFTED BY EB/OA/AVP:AJWHITE:JO
APPROVED BY EB/OA:MHSTYLES
ARA/ECA:RWZIMMERMANN
CAB - COLDREN (SUBS)
COMMERCE - GRAUMAN
EB/AN - AJRIMAS
EB/TCA - JWBILLER
ARA - JGRUNWALD
---------- 023594
P 052100Z AUG 76
FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA PRIORITY
INFO AMCONSUL RIO DE JANEIRO PRIORITY
AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: EAIR, BR

SUBJECT: FUEL TAX EXEMPTION

REF : (A) BRASILIA 6474; (B) BRASILIA 6473

1. IT IS EVIDENT FROM REFTELS THAT BRAZILIANS ARE ENGAGED IN FOOT DRAGGING EXERCISES IN SPITE OF CLEAR ASSURANCES GIVEN TO AMBASSADOR BY FOREIGN MINISTER THAT NONSCHEDULED CARRIERS WOULD BE EXEMPTED FROM FUEL TAX. DEPT COULD NOT ACCEPT CONSIDERATION OF THIS ISSUE IN CONTEXT OF ANY CHARTER BILATERAL. ISSUE CAN AND SHOULD BE DEALT WITH SEPARATELY ON ITS OWN MERITS. A BILATERAL NEGOTIATION WOULD NEEDLESSLY COMPLICATE ISSUE OF FUEL
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TAX AND WOULD DRAG MATTER OUT INDEFINITELY.

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2. MOREOVER, WE HAVE NO DOUBT, AS EMBASSY POINTS OUT IN REF A, THAT BRAZILIAN POSITIONS IN ANY CHARTER NEGOTIATION WOULD BE RESTRICTIVE AND NONSKEDS WOULD HAVE NOTHING TO GAIN BY IT. WHILE WE SUPPORT CHARTER BILATERALS IN PRINCIPLE, IT APPEARS HIGHLY UNLIKELY THAT WE COULD REACH ACCORD WITH BRAZIL ON SUCH AN AGREEMENT GIVEN THEIR POSITION ON CHARTER FLIGHTS. HENCE, GOING DOWN THIS ROAD AS A MEANS OF OBTAINING FUEL TAX EXEMPTION WOULD NOT ACHIEVE LATTER OBJECTIVE.

3. DEPT BELIEVES THAT AMBASSADOR SHOULD RAISE ISSUE AS SOON AS POSSIBLE WITH FOREIGN MINISTER, AND/OR OTHER HIGH LEVEL OFFICIALS AS HE DEEMS APPROPRIATE, TO REITERATE U.S. CONCERN. AMBASSADOR SHOULD EXPRESS OUR UNDERSTANDING OF GOB NEED TO FIND APPROPRIATE MECHANISM FOR PUTTING THE EXEMPTION INTO EFFECT (AS FOREIGN MINISTER HAS PERSONALLY ASSURED US WILL BE DONE), BUT SHOULD STRESS THAT DELAYS ARE PRESENTING US WITH A REAL PROBLEM. THOUGHT SHOULD BE INTERJECTED AGAIN THAT BILATERAL COOPERATION IS A TWO WAY STREET AND THAT WE HAVE BEEN SUBJECT TO CONSIDERABLE CRITICISM HERE FOR HAVING SIGNED AIRWORTHINESS AGREEMENT (WHICH MINISTER HAS RECOGNIZED WAS OF GREAT IMPORTANCE TO BRAZIL).

4. STRONG PRESSURE FROM SUPPLEMENTALS CONTINUES AND IF PROGRESS CANNOT BE SHOWN SOON IN REMOVING THIS OBSTACLE, DEPT OF COMMERCE WILL HAVE TO ACT SOON ON QUESTION OF RECIPROCITY.

5. DEPT HAS NOT AS YET DISCUSSED REFS A AND B WITH NONSKEDS.

6. FYI: DEPT HAS COME UNDER STRONG CRITICISM FROM CESSNA FOR CONCLUDING AIRWORTHINESS AGREEMENT WITH BRAZIL AND HAS WRITTEN TO PRESIDENT, AMBASSADOR DENT, SPECIAL REP FOR TRADE NEGOTIATION, SENATOR PEARSON, STATE AND POSSIBLY OTHERS COMPLAINING VIGOROUSLY THAT AIRWORTHINESS AGREEMENT WAS SIGNED WITHOUT MODIFICATION OF BRAZILIAN RESTRICTIONS ON GENERAL AVIATION IMPORTS.
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